

PURCHASE MONEY NOTE

\$3,000,000.00

New York, New York
May 15, 1995

FOR VALUE RECEIVED, FAMILY GOLF CENTERS, INC., a Delaware corporation, having an office at 225 Broadhollow Road, Melville, New York 11474 (the "Maker"), promises to pay to ORIX USA CORPORATION, a Delaware corporation (the "Holder"), or order, at its office at 780 Third Avenue, New York, New York 11017 or at such other place as may be designated in writing by the holder of this Note, the principal sum of THREE MILLION DOLLARS (\$3,000,000.00) with interest thereon, or on the amount thereof from time to time outstanding, to be computed as hereinafter provided, until the said principal sum shall be fully paid and to be due and payable as hereinafter provided. The said principal sum, or the amount thereof outstanding with accrued and unpaid interest thereon, shall be due and payable on the Maturity Date (as hereinafter defined).

1. Definitions. The following terms, as used in this Note, shall have the following meanings, which meanings shall be applicable equally to the singular and the plural of the terms defined:

a. "Business Day" shall mean a day of the year on which dealings in United States dollars are carried on in the London interbank market and banks are open for business in London and are not required or authorized to close in the City of New York.

b. "Default Rate" shall mean a fluctuating per annum rate of interest equal at all times to the sum of 2% plus the Reference Rate in effect from time to time, compounded semi-annually.

c. "Eurodollar Rate" shall mean an interest rate per annum equal to three hundred (350) basis points above the Libo Rate.

d. "Guarantor" shall mean Dominic Chang.

e. "Guaranty" shall mean that certain Guaranty dated the date hereof made by Guarantor in favor of the Holder.

f. "Interest Period" shall mean the initial period from May 15, 1995 through and including June 15, 1995 and thereafter each one month period commencing on the 16th day of each such month, provided, however, that (i) no such period shall extend beyond the Stated Maturity Date, and (ii) if any such period ends on a day other than a Business Day, such period shall be extended to the next succeeding day which is a Business Day unless such succeeding day which is a Business Day falls within the next

calendar month, in which event such period shall end on the immediately preceding Business Day.

g. "Letter of Credit" shall mean the unconditional, irrevocable letter of credit in the amount of \$250,000.00 delivered to the Holder by Maker pursuant to the Mortgage.

h. (i) "Libo Rate" shall mean the rate of interest per annum determined at approximately 11:00 A.M., New York time, at which dealings in deposits in U.S. dollars are transacted in the London interbank market two Business Days before the first day of an Interest Period (the "Interest Determination Date") on the basis of the arithmetic mean (rounded upward, if necessary, to the nearest 1/16 of one percent) of the London Interbank Offered rates for U.S. dollar deposits and for a time period approximately equal to such Interest Period appearing on the display designated as "LIBO" page 3750 on the Telerate (or if such Telerate page is not displayed, on a similar page on such other service that displays London Interbank Offered rates of major banks and is utilized by the Holder for providing LIBO Rate quotes generally to its customers). If no offered rate appears, the LIBO Rate for such Interest Determination Date will be determined as if the parties had specified the rate described in (ii) below.

(ii) With respect to an Interest Determination Date on which no offered rate for the applicable maturity appears on the page "LIBO" as specified in (i) above, the LIBO Rate will be determined at approximately 11:00 A.M., New York time, on such Interest Determination Date on the basis of the rate at which deposits in U.S. dollars having the maturity of such Interest Period are offered to prime banks in the New York interbank market by four major banks in the London interbank market selected by Holder and in a principal amount equal to the principal amount of the Loan. Holder will request the principal New York office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, the LIBO Rate for such Interest Determination Date will be the arithmetic mean of such quotations. If fewer than two quotations are provided, the LIBO Rate for such Interest Determination Date will be the arithmetic mean of the rates quoted by three major banks in The City of New York selected by Holder at approximately 11:00 A.M., New York City time, on such Interest Determination Date, for loans in U.S. dollars to leading European banks having the applicable maturity and in a principal amount equal to the principal amount of the Loan. However, if the banks selected by Holder are not quoting as mentioned in the preceding sentence, the LIBO Rate will be deemed "not available" and the Applicable Rate shall be the Reference Rate.

i. "Loan" shall mean that certain permanent loan in the principal amount of \$3,000,000.00 made by the Holder to the Maker for the purpose of acquiring the Premises which is evidenced by this Note and secured by, among other things, the Mortgage.

j. "Loan Documents" shall mean, collectively, this Note, the Mortgage, the Environmental Agreement, the Assignment of Leases and Rents, and the Assignment of Agreements and Security Agreement, each dated the date hereof, executed by

Maker (and also by Guarantor in the case of the Environmental Agreement) in favor of the Holder, the Guaranty, the Letter of Credit, and any other document evidencing, securing or otherwise relating to the Loan now or hereafter executed and delivered by the Maker or Guarantor, as the case may be, to the Holder and any amendments, modifications, renewals, extensions and replacements thereof and substitutions therefor.

k. "Mortgage" shall mean that certain Mortgage and Security Agreement held by the Holder and encumbering the Premises, dated the date hereof executed by the Maker in favor of the Holder.

l. "Maturity Date" shall mean the earlier of (i) the Stated Maturity Date or (ii) the date upon which the indebtedness evidenced hereby becomes due and payable by reason of a default hereunder or under any of the other Loan Documents.

m. "Premises" shall mean the real property together with the buildings and other improvements now or hereafter erected thereon having an address at 67 Haviland Road, Queensbury, New York, known as the Hiland Golf Club, as more particularly described in the Mortgage.

n. "Reference Rate" shall mean a fluctuating rate of interest per annum equal at all times to 1% above the rate of interest announced publicly by Citibank, N.A. in New York, New York, from time to time, as such bank's prime rate (the "Prime Rate"). Any change in such publicly announced Prime Rate shall be effective as of the date of such announcement.

o. "Stated Maturity Date" shall mean May 16, 2000.

2. Applicable Rate.

a. The entire outstanding principal amount of the Loan shall bear interest at a rate (the "Applicable Rate") equal to either (i) the Eurodollar Rate, to the extent the Libo Rate is available or (ii) the Reference Rate, to the extent the Libo Rate is not available. Interest under this Note shall be computed on the basis of a 360-day year for the actual number of days elapsed. To the extent the Eurodollar Rate is applicable to this Note, the rate of interest computed pursuant to Section 1(f) herein shall change effective as of each Interest Period. To the extent the Reference Rate is applicable to this Note, the rate of interest computed pursuant to Section 1(n) herein shall change effective as of the date of public announcement of each change in the Prime Rate.

b. During the time that the Libo Rate is available, the Eurodollar Rate for the Interest Period from time to time in effect shall automatically be the Applicable Rate. At any time that the Eurodollar Rate is not the Applicable Rate, the entire outstanding principal amount of the Loan shall bear interest at, and the Applicable Rate shall be, the Reference Rate. If the Libo Rate is not available on the first day of an Interest Period but thereafter becomes available during such Interest Period, the Applicable Rate during such Interest Period shall be (x) for the period from the first day of such Interest Period until the Libo

Rate for the Balance Period (as such term is hereinafter defined) becomes available, the Reference Rate and (y) for the balance of such Interest Period (the "Balance Period"), the Eurodollar Rate in effect for such Balance Period (any reference to an Interest Period for this particular Libo Rate borrowing shall be deemed to be to the Balance Period).

c. Any amount of principal of and (to the extent permitted by law) interest on the Loan that is not paid when due (whether upon demand, by acceleration or otherwise) shall bear interest from the day when due until such amount is paid in full, payable on demand, at a fluctuating interest rate per annum equal at all times to the Default Rate in effect from time to time. Each change in the Default Rate hereunder shall take effect simultaneously with the corresponding change in the Reference Rate.

d. The Maker's right to have the Loan bear interest at the Eurodollar Rate shall be limited to the availability of the Libo Rate as reasonably determined by the Holder. If the Libo Rate is unavailable for an Interest Period, interest on the entire outstanding principal balance of the Loan shall accrue at the Reference Rate until the Eurodollar Rate is the Applicable Rate as elsewhere provided in this Note.

e. The Applicable Rate in effect from time to time in respect of the Loan shall be irrevocable, except to the extent the Maker is permitted to prepay the Loan as hereinafter provided. If requested by the Holder, the Maker shall confirm the Applicable Rate and the duration of the applicable Interest Period, as applicable, by acknowledging receipt of the written confirmation of the Applicable Rate and Interest Period, as applicable, delivered by the Holder to the Maker, but failure of Maker to so confirm such Applicable Rate shall not be deemed to modify the Applicable Rate. The Holder shall have no obligation to notify the Maker as to the Applicable Rate in effect hereunder.

f. In addition to the payment of interest and fees as aforesaid, the Maker shall, from time to time, upon demand by the Holder pay to the Holder such additional amounts as shall be sufficient to compensate the Holder, its co-lenders and participants, if any, for (i) any loss, cost, fee, breakage or other expense incurred or sustained directly by reason of the liquidation or reemployment of deposits or other funds acquired by the Holder, its co-lenders and/or participants, if any, to fund or maintain the Loan with respect to any Interest Period as a result of any prepayment (whether direct or indirect, voluntary or involuntary) of the Loan or any portion thereof, and (ii) any increased costs incurred by the Holder, its co-lenders and participants, if any, by reason of:

(1) taxes (or the withholding of amounts for taxes) of any nature whatsoever, including, without limitation, income, excise and interest equalization taxes (other than United States or state income taxes) as well as all levies, imports, duties, or fees whether now in existence or as the result of a change in, or promulgation of, any treaty, statute or regulation or interpretation thereof, or any directive, guideline or otherwise, by a central bank or

fiscal authority or any other entity (whether or not having the force of law) or a change in the basis of, or time of payment of, such taxes and other amounts resulting therefrom;

(2) any reserve or special deposit requirements against or with respect to assets or liabilities or deposits outstanding under a Libo Rate or any other rate of interest (including, without limitation, those imposed under the Monetary Control Act of 1978) currently required by, or resulting from a change in, or the promulgation of, such requirements by treaty, statute, regulation, interpretation thereof, or any directive, guidelines, or otherwise by a central bank or fiscal authority (whether or not having the force of law); and

(3) any other costs resulting from compliance with treaties, statutes, regulations, interpretations or any directives or guidelines or otherwise, promulgated by or of a central bank or fiscal authority or other entity (whether or not having the force of law).

A certificate as to the amount of any such costs prepared by the Holder, signed by an authorized officer of the Holder and submitted to the Maker shall be conclusive as to the matters therein set forth. This Note shall not be deemed to have been paid and/or satisfied in full until all such additional costs, in addition to the principal balance hereof and all interest thereon and all other sums evidenced, payable in connection with and/or secured by the Loan Documents shall have been paid.

g. Notwithstanding that it is not intended hereby to charge interest at a rate in excess of the maximum legal rate of interest permitted to be charged to the Maker under applicable law, if interest in excess of said maximum legal rate shall be paid hereunder, the excess shall be applied by the Holder in reduction of the outstanding principal balance of the Loan.

h. The determination of the Applicable Rate as being based upon the Libo Rate, shall be expressly conditioned upon the existence of an adequate means of determining the Libo Rate, and the absence of any legal prohibition against the charging of interest based on the Libo Rate.

i. If the Holder, any co-lender or any participant determines that compliance with any law or regulation or any guideline or request from any central banking authority (such as the Board of Governors of the Federal Reserve System or similar authority) or other governmental authority (whether or not having the force of law) adversely affects or would adversely affect the amount of capital required or expected to be maintained by the Holder, such co-lender or such participant or any entity controlling the Holder or any such co-lender or participant, and that the amount of such capital is increased by or based upon the existence of the Loan or the Holder's, such co-lender's or such participant's commitment to lend hereunder or other commitments of this type, then, upon demand by the Holder, the Maker shall immediately pay to the Holder for the account of the Holder, such co-lender or such participant, as the case may be, from time to

time as specified by the Holder, additional amounts sufficient to compensate the Holder, such co-lender or such participant in light of such circumstances, to the extent that the Holder, such co-lender or such participant reasonably determines such increase in capital to be allocable to the existence of the Loan or the Holder's, such co-lender's or such participant's commitment to lend hereunder. A certificate as to such amounts submitted to the Maker by the Holder shall be conclusive as to the matters therein set forth.

3. Loan Payments.

a. Interest Payments. Installments of interest only shall be due and payable in arrears on the first day of each Interest Period commencing June 16, 1995 (each an "Interest Payment Date").

b. Principal Payments. Monthly installments of principal in the amount of SIX THOUSAND DOLLARS (\$6,000.00) shall be due and payable on the first day of each Interest Period commencing May 16, 1996, with the balance of the then outstanding principal amount hereof, together with all accrued and unpaid interest thereon, to be made on the Stated Maturity Date.

c. Timing of Payments. Both principal and interest are payable by wire in lawful money of the United States of America to the Holder, in immediately available funds which shall be available no later than 11:00 A.M. (New York City time) on the day on which the applicable payment of principal or interest is due.

4. Prepayment.

a. The Maker shall not prepay any portion of the principal of this Note prior to May 16, 1997. The Maker shall have the right to prepay the unpaid principal balance of this Note in whole or in part at any time on or after May 16, 1997 upon not less than thirty (30) days prior written notice to the Holder provided that the Maker pays to the Holder (i) all accrued and unpaid interest and all other sums due and payable hereunder through the date of such prepayment and (ii) the applicable Prepayment Premium (as such term is hereinafter defined). Each prepayment shall be made on an Interest Payment Date in an amount of not less than \$100,000 and in multiples of \$50,000 in excess of \$100,000. Each prepayment shall be applied toward the payment of the installments of principal due under this Note in the inverse order of their maturities. For the purposes hereof, the applicable "Prepayment Premium" shall be:

(1) For prepayments made during the period from May 16, 1997 through May 15, 1998, three percent (3%) of the amount of principal so prepaid;

(2) For prepayment made during the period from May 16, 1998 through May 15, 1999, two percent (2%) of the amount of principal so prepaid; and

(3) For prepayments made during the period from May 16, 1999 through the date that is six months prior to the Stated Maturity Date, one percent (1%) of the amount of principal so prepaid.

There shall be no Prepayment Premium for prepayments made after the date that is six months prior to the Stated Maturity Date.

b. If the Eurodollar Rate is the then Applicable Rate, prepayment of the Loan shall not be made prior to the expiration of the then applicable Interest Period, unless such prepayment is accompanied by the payment of (x) all the amounts referred to in Paragraphs 2(f) and (i) hereof and (y) any and all other losses, costs, fees and expenses of the Holder, its co-lenders and participants, if any, incurred or sustained directly or indirectly as a result of such prepayment of the Loan; provided, however, that neither the Holder, its co-lender nor participant, if any, shall have any obligation to cancel any Eurodollar contract which the Holder, its co-lenders or participants, if any, or the respective Treasury Departments of the Holder, its co-lenders or its participants, if any, may have entered into in order to obtain the Eurodollar Rate prior to the maturity of such contract.

c. All sums payable pursuant to this Paragraph 4 shall also be due and payable by the Maker upon demand in the event of any involuntary prepayments or any acceleration of the Loan indebtedness secured by the Loan Documents. In addition, if the Maturity Date occurs as a result of a default by the Maker hereunder or under any of the other Loan Documents and the Maker tenders payment of the Loan indebtedness or any part thereof to the Holder, such tender shall constitute an evasion of the prepayment provisions contained herein and shall be deemed to be a voluntary prepayment hereunder which shall require the payment by the Maker of all sums required pursuant to this Paragraph 4.

5. Security. This Note is secured by, among other things, the Mortgage, the Assignment of Leases and Rents, the Assignment of Agreements and Security Agreement, the Guaranty and the Letter of Credit, and is also subject to the terms of the other Loan Documents. It is expressly agreed that the principal sum of this Note (and all accrued interest thereon and other sums payable hereunder) shall become immediately due at the option of the Holder on the happening of any default, and the expiration of any applicable notice and/or grace period under the terms of this Note, the Mortgage or under any of the other Loan Documents.

6. Applicable Law. The Maker agrees that this Note shall be governed by, and construed and enforced in accordance with, the laws of the State of New York.

7. Modification. This Note may not be changed or terminated orally.

8. Waiver.

a. The Maker and any endorsers, sureties and guarantors hereof or hereon hereby waive presentment for payment, demand, protest, notice of non-payment or dishonor and of protest,

and agree to remain bound until the principal sum of this Note or the amount thereof outstanding and interest and all other sums payable hereunder are paid in full notwithstanding any extensions of time for payment which may be granted even though the period of extension be indefinite, and notwithstanding any inaction by, or failure to assert any legal right available to, the Holder.

b. It is further expressly agreed that any waiver by the Holder, other than a waiver in writing signed by the Holder, of any term or provision hereof or of any of the other Loan Documents or of any right, remedy or option under this Note or any of the other Loan Documents shall not be controlling, nor shall it prevent or estop the Holder from thereafter enforcing such term, provision, right, remedy or option, and the failure or refusal of the Holder to insist in any one or more instances upon the strict performance of any of the terms or provisions of this Note or any of the other Loan Documents shall not be construed as a waiver or relinquishment for the future of any such term or provision, but the same shall continue in full force and effect, it being understood and agreed that the Holder's rights, remedies and options under this Note and the other Loan Documents are and shall be cumulative and are in addition to all other rights, remedies and options of the Holder in law or in equity or under any other agreement.

9. Successors. The term "Holder" shall mean the then holder of this Note from time to time and its successors and assigns.

10. Late Charges. In the event any payment or installment due or payable under this Note and/or under any of the other Loan Documents shall become overdue for a period in excess of five (5) days, in addition to interest being charged at the Default Rate and the Holder's other remedies, a "late charge" of \$0.04 for each dollar so overdue may be charged by the Holder for the purpose of deferring the expenses incident to handling such delinquent payment or installment.

11. Cost of Collection. The Maker shall pay all costs of collection when incurred, including, without limitation, the attorneys' fees and disbursements of the Holder's counsel and court costs, which costs may be added to the indebtedness evidenced hereby and must be paid promptly on demand, together with interest thereon at the Default Rate.

12. Exculpation.

a. Except as provided below, the Holder shall not sue for, seek, demand or obtain a deficiency or other personal or money judgment against the Maker for failure to pay, perform or observe the obligations and covenants contained in this Note. In no event, however, shall anything contained in this Section 12: (i) limit the recourse of the Holder to the Mortgaged Property (as defined in the Mortgage), as to which assets of the Maker the Holder shall have full recourse, (ii) affect or impair the validity or enforceability of the indebtedness evidenced by this Note, (iii) constitute or be deemed a release of any of the obligations of the Maker hereunder or under any other Loan Documents or (iv) affect or

impair the right of the Holder to foreclose the Mortgage and apply the proceeds thereof to the indebtedness evidenced hereby or pursue any other right or remedy available to the Holder at law or in equity or provided for in this Note or in any other Loan Document following default beyond any applicable notice and cure period, if any, in the making of any payment required to be made pursuant to, or in the performance of any of the covenants contained in, this Note, the Mortgage, or the other Loan Documents.

b. The provisions of the first sentence of Subsection 12(a) above shall not be applicable, however, and the Holder shall expressly have the right to sue for, seek, demand or obtain a deficiency or other personal or money judgment against the Maker at all times until the later of (i) the receipt by the Holder of an appraisal of the Premises (including the Golf Range Facilities (as defined in the Mortgage)) in form and substance and showing a valuation acceptable to the Holder in its sole discretion and (ii) the date when the Golf Range Facilities are completed to the reasonable satisfaction of the Holder and operating, and a Certificate of Final Approval (as defined in the Mortgage) is obtained, all as provided in Section 3.26(a) of the Mortgage, provided, however, if the Golf Range Facilities are not completed to the reasonable satisfaction of the Holder and operating, and a Certificate of Final Approval is not obtained as provided in Section 3.26(a) of the Mortgage, on or before the date which is six (6) months following the date of the Mortgage then the provisions of the first sentence of Subsection 12(a) above shall be deemed to be null and void and the Holder shall expressly have the right at all times to sue for, seek, demand or obtain a deficiency or other personal or money judgment against the Maker.

c. Nothing contained in this Note or in any of the other Loan Documents shall limit the liability of the Maker for repayment of the indebtedness evidenced by this Note or the other Loan Documents or for any loss, damage, deficiency, liability or expense (including, without limitation, attorneys' fees and expenses) (i) arising from any fraud, material misrepresentation or materially false certification or affirmation in any document delivered by the Maker in connection with this Note or any modification hereof, (ii) arising from any diversion or misapplication by the Maker of any of the proceeds of the loan evidenced by this Note or any of the rents, issues or profits of the Premises or of any insurance proceeds or condemnation awards attributable thereto, or any intentional, willful or grossly negligent waste, damage or destruction of the Premises or any portion thereof, (iii) to the extent that Maker fails to pay or reimburse the Holder in respect of any mortgage recording tax and other transactional expenses payable in connection with the Mortgage and the transactions contemplated thereby, (iv) to the extent that payment of any New York State transfer taxes and/or gains taxes are payable in connection with the acquisition of the Premises, or any part thereof, by the Holder or its nominee, (v) occurring at any time following the failure of the Maker or Guarantor to comply with the provisions in the Mortgage, the Guaranty or any other Loan Document prohibiting the sale, transfer or encumbering of the Premises or the sale, transfer or assignment of the stock of the Maker held by Guarantor such that Guarantor owns less than 33% of the issued and outstanding stock of the

Maker, (vi) arising from the failure of the Maker to apply proceeds of rents and other income of the collateral towards the costs of maintenance and operation of the Premises and to the payment of real estate taxes, lien claims, insurance premiums and debt service under this Note, the Mortgage or any other Loan Document prior to the appointment of a trustee in bankruptcy in a bankruptcy proceeding of the Maker under the Code (as defined in the Mortgage) or prior to the foreclosure of the Mortgage, (vii) incurred by the Holder in connection with any claim, demand, order, consent decree, settlement, judgement or verdict arising in connection with the manufacture, deposit, storage, disposal, burial, dumping, injecting, spilling, leaking or other placement or release in, on or about the Premises of asbestos or a hazardous or toxic waste, waste product or substance as defined in 42 U.S.C. § 9601 or as defined in any other statute, rule or regulation governing such wastes, waste products or substances, (viii) arising from the Environmental Agreement dated the date hereof by the Maker and Guarantor in favor of the Holder, or (ix) for the fair market value of any personalty or fixtures removed from the Premises or disposed of in violation of any provision in the Mortgage or any other Loan Document.

d. Nothing contained in this Note or in any of the other Loan Documents shall (i) prevent the Holder from instituting an action to prevent the Maker from taking any action or performing any act not permitted hereunder or under any of the other Loan Documents, or (ii) modify, discharge, limit or qualify the liability of any person or entity pursuant to a separate guaranty or indemnity given to the Holder in connection with this Note, any Loan Document or otherwise or adversely affect the right of the Holder to enforce any such guaranty or indemnity, or (iii) be deemed to be a waiver of any right which the Holder may have under Sections 506(a), 506(b), 1111(b) or any other provision of the Bankruptcy Reform Act of 1978 or any successor statute thereto or similar provisions under applicable state law to file a claim for the full amount of the debt owing to the Holder by the Maker or to require that all collateral shall continue to secure all of the indebtedness owing to the Holder in accordance with the Loan Documents.

13. Miscellaneous.

a. The Maker and the Holder hereby irrevocably waive all rights to trial by jury in any action, proceeding or counterclaim arising out of or relating to this Note.

b. In the event that any provision of this Note or the application thereof to the Maker or any circumstance in any jurisdiction governing this Note shall, to any extent, be invalid or unenforceable under any applicable statute, regulation or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict herewith and shall be deemed modified to conform to such statute, regulation or rule of law, and the remainder of this Note and the application of any such invalid or unenforceable provision to parties, jurisdictions or circumstances other than to whom or to which it is held invalid or unenforceable shall not be affected thereby nor shall the same affect the validity or enforceability of any other provision of this Note.

c. Time is of the essence as to all dates set forth in this Note, subject to any applicable notice or grace period provided herein; provided, however, that, whenever any payment to be made hereunder shall be stated to be due on a day other than a Business Day, such payment may be made on the next succeeding Business Day and such extension of time shall in such case be included in the computation of interest payable hereunder; provided further, however, if the Stated Maturity Date shall not be a Business Day, all payments due on such date shall be made on the immediately preceding Business Day.

d. The Maker hereby agrees to perform and comply with each of the terms, covenants and provisions contained in this Note and in any instrument evidencing or securing the indebtedness evidenced by this Note on the part of the Maker to be observed and/or performed hereunder and thereunder. No release of any security for the principal sum due under this Note, or any portion thereof, and no alteration, amendment or waiver of any provision of this Note or of any instrument evidencing and/or securing the indebtedness evidenced by this Note made by agreement between the Holder and any other person or party shall release, discharge, modify, change or affect the liability of the Maker under this Note or under such instruments.

e. No act of commission or omission of any kind or at any time upon the part of the Holder, its co-lenders and participants, if any, in respect of any matter whatsoever shall in any way impair the rights of the Holder to enforce any right, power or benefit under this Note and no set-off, counterclaim, reduction or diminution of any obligation or any defense of any kind or nature which the Maker has or may have against the Holder, its co-lenders and participants, if any, shall be available hereunder to the Maker.

f. The captions preceding the text of the various paragraphs contained in this Note are provided for convenience only and shall not be deemed to in any way affect or limit the meaning or construction of any of the provisions hereof.

g. To the extent permitted by law, the Maker hereby irrevocably submits to the jurisdiction of any New York State or Federal Court located in New York City, in any action, suit or proceeding brought against the Maker under or in connection with this Note or any of the Loan Documents, and hereby irrevocable waives, to the fullest extent it may effectively do so, the defense of forum non convenience.

h. The Maker hereby designates David C. Grow, Esq. as its agent for service of process and agrees that service of all process in any such action, suit or proceeding shall be effective if sent by registered or certified mail to Maker at its address set forth herein or delivered personally to such agent at McMahon, Grow & Getty, 301 North Washington Street, Rome, New York 13440, or as otherwise served upon either such party in accordance with New York law.

g. The Holder may assign to one or more banks or other entities or participants all or a portion of its rights under

this Note. In the event of an assignment of all of its rights, the Holder may transfer this Note to the assignee. In the event of an assignment of a portion of its rights under this Note, the Holder shall deliver to the Maker a new note to the order of the assignee in an amount equal to the principal amount assigned to the assignee and a new note to the order of the Holder in an amount equal to the principal amount retained by the Holder (collectively, the "New Notes"). Such New Notes shall be in an aggregate principal amount equal to the outstanding principal amount of this Note, shall be dated the effective date of the assignment and otherwise shall be substantially identical to this Note. Upon receipt of the New Notes from the Holder, the Maker shall execute such New Notes and, at the expense of the Maker, promptly deliver such New Notes to the Holder. Upon receipt of the executed New Notes from the Maker, the Holder shall return this Note to the Maker. The Holder and the assignee shall make all appropriate adjustments in payments under this Note for periods prior to such effective date directly between themselves. In the event of an assignment of all or any portion of its rights hereunder, the Holder may transfer and deliver all or any of the property then held by it as security under the Mortgage and the assignee shall thereupon become vested with all the powers and rights therein given to the Holder with respect thereto. After any such assignment or transfer, the Holder shall be forever relieved and fully discharged from any liability or responsibility in the matter, and the Holder shall retain all rights and powers hereby given with respect to property not so transferred. The Holder may sell participations to one or more banks or other entities in or to all or a portion of its rights under this Note. The Holder may, in connection with any assignment or participation or proposed assignment or proposed participation, disclose to the assignee or participant or proposed assignee or proposed participant any information relating to the Maker furnished to the Holder by or on behalf of the Maker.

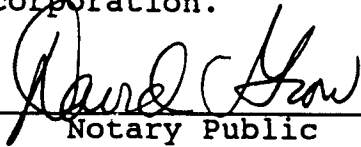
FAMILY GOLF CENTERS, INC.

By: Krishnan P. Thampi
Name: KRISHNAN P. THAMPI
Title: Executive V.P.

CORPORATE ACKNOWLEDGEMENT

STATE OF NEW YORK)
 WARREN) SS.:
COUNTY OF ~~NEW YORK~~)

On the 15th day of May, 1995, before me personally came
KRISHNAN P. THAMPI, to me known, who, being by me duly sworn,
did depose and say that he/she resides at
RAMSEY, N.J.; that he/she is the
V.P. of FAMILY GOLF CENTERS, INC., the Executive
corporation described in and that executed the foregoing
instrument; and that he/she signed his/her name thereto by order of
the board of directors of said corporation.


Notary Public

DAVID C. GROW
NOTARY PUBLIC IN THE STATE OF NEW YORK
ONEIDA COUNTY, NEW YORK
COMMISSION EXPIRES NOVEMBER 30, 1996